Strategies for Putting the Marketing Puzzle Together

Food and Agricultural Policy Research Institute (FAPRI)
Division of Applied Social Sciences
University of Missouri
www.fapri.missouri.edu
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Melvin Brees, Abner Womack, Emily Scully,
Gaven Frizzell, Ethan Marchbanks
## U.S. corn supply and use

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Area planted (mil. acres)</td>
<td>89.7</td>
<td>92.0</td>
<td>89.7</td>
<td>92.0</td>
</tr>
<tr>
<td>Yield (bu./harvested acre)</td>
<td>167.4</td>
<td>178.5</td>
<td>167.4</td>
<td>179.4</td>
</tr>
<tr>
<td>Production (mil. bu.)</td>
<td>13,617</td>
<td>14,900</td>
<td>13,617</td>
<td>15,075</td>
</tr>
<tr>
<td>Feed and residual use (mil. bu.)</td>
<td>5,600</td>
<td>5,825</td>
<td>5,600</td>
<td>5,858</td>
</tr>
<tr>
<td>Ethanol and coproduct use</td>
<td>4,855</td>
<td>5,100</td>
<td>4,850</td>
<td>5,224</td>
</tr>
<tr>
<td>Other domestic use</td>
<td>1,410</td>
<td>1,425</td>
<td>1,410</td>
<td>1,405</td>
</tr>
<tr>
<td>Exports</td>
<td>1,765</td>
<td>2,325</td>
<td>1,795</td>
<td>2,172</td>
</tr>
<tr>
<td>Ending stocks</td>
<td>2,253</td>
<td>2,503</td>
<td>2,228</td>
<td>2,680</td>
</tr>
<tr>
<td>Marketing yr. avg. price ($/bu.)</td>
<td>3.60</td>
<td>3.50</td>
<td>3.60</td>
<td>3.24</td>
</tr>
</tbody>
</table>

*Source: USDA WASDE, September 2020.*
WASDE USDA Corn Summary Sep 11, 2020

1) U.S. Average Farm Price – Slight decrease since 2018-2019
   • 2020-21 USDA: $3.50
   • 2019-20 USDA: $3.60
   • 2018-19 USDA: $3.61

2) U.S. Ending Stocks- Significantly above 10 and 20 year Average
   • 2020-21 USDA: (2,503 Million Bushels)
   • 2019-20 USDA: (2,253 Million Bushels)
   • 2018-19 USDA: (2,221 Million Bushels)
   • 10 Year Average 09/10-18/19: (1,597 Million Bushels)
   • 20 Year Average 99/00-18/19: (1,595 Million Bushels)

3) World Ending Corn Stocks – Significantly above 10 year Average
   • 2020-21 World: (307 Million Metric Tons)
   • 2019-20 World: (309 Million Metric Tons)
   • 2018-19 World: (320 Million Metric Tons)
   • 10 Year Average 09/10-18/19: (241 Million Metric Tons)

4) U.S. Export – Moderate increase since 2018-19
   • 2020- 21 USDA: (2,325 Million Bushels)
   • 2019-20 USDA: (1,795 Million Bushels)
   • 2018- 19 USDA: (2,066 Million Bushels)
Very large US ending stocks along with large world supplies.
Much above average stocks/use ratio with somewhat higher use.
Global consumption remains strong, slightly exceeding 2020-21 corn and coarse grain production.
New Crop – (20-21) Corn FAPRI Baseline Ranges August 2020

August 2020 FAPRI Price: Adjusted for -$0.20 basis

• Futures Price Equivalent of 2020-2021 Projected Farm Price: $3.44
• Futures Price Equivalent of FAPRI Range: $2.95 – 3.92 @ 80 Percentile
• Futures Price Equivalent of 9/11/20 USDA Avg Price: $3.70

Futures Market Planning Range for New Crop Corn
Adjusted for -20 cent basis

<table>
<thead>
<tr>
<th>Percentile</th>
<th>Price</th>
<th>Farm Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>90th</td>
<td>$4.21</td>
<td>$4.01</td>
</tr>
<tr>
<td>80th</td>
<td>$3.92</td>
<td>$3.72</td>
</tr>
<tr>
<td>70th</td>
<td>$3.71</td>
<td>$3.51</td>
</tr>
<tr>
<td>60th</td>
<td>$3.44</td>
<td>$3.24</td>
</tr>
<tr>
<td>50th</td>
<td>$3.12</td>
<td>$2.92</td>
</tr>
<tr>
<td>40th</td>
<td>$2.95</td>
<td>$2.75</td>
</tr>
<tr>
<td>30th</td>
<td>$2.70</td>
<td>$2.50</td>
</tr>
</tbody>
</table>
**Next Year – (21-22) Corn FAPRI Baseline Ranges August 2020**

August 2020 FAPRI Projected Farm Price: Adjusted for -$0.20 basis
- Futures Price Equivalent of 2021-2022 Projected Farm Price: $3.59
- Futures Price Equivalent of FAPRI Range: $3.07 - $4.11 @ 80 Percentile

**Futures Market Planning Range for Next Year Corn**

**Adjusted for -20 cent basis**

- **90th Percentile**: $4.46
- **80th Percentile**: $4.11
- **70th Percentile**: $3.86
- **60th Percentile**: $3.59
- **50th Percentile**: $3.39
- **40th Percentile**: $3.07
- **30th Percentile**: $3.04
- **20th Percentile**: $2.87
- **10th Percentile**: $2.64

Farm Price:
- $4.26
- $3.91
- $3.66
- $3.39
- $3.04
- $2.87
- $2.64

*Dec 21 Futures on 9/16/2020* $3.89
## U.S. soybean supply and use

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Area planted (mil. acres)</td>
<td>76.1</td>
<td>83.8</td>
<td>76.1</td>
<td>83.8</td>
</tr>
<tr>
<td>Yield (bu./harvested acre)</td>
<td>47.4</td>
<td>51.9</td>
<td>47.4</td>
<td>53.3</td>
</tr>
<tr>
<td>Production (mil. bu.)</td>
<td>3,552</td>
<td>4,313</td>
<td>3,552</td>
<td>4,425</td>
</tr>
<tr>
<td>Crush (mil. bu.)</td>
<td>2,170</td>
<td>2,180</td>
<td>2,160</td>
<td>2,181</td>
</tr>
<tr>
<td>Other domestic use</td>
<td>52</td>
<td>138</td>
<td>51</td>
<td>137</td>
</tr>
<tr>
<td>Exports</td>
<td>1,680</td>
<td>2,125</td>
<td>1,650</td>
<td>2,133</td>
</tr>
<tr>
<td>Ending stocks</td>
<td>575</td>
<td>460</td>
<td>615</td>
<td>603</td>
</tr>
<tr>
<td>Marketing yr. avg. price ($/bu.)</td>
<td>8.55</td>
<td>9.25</td>
<td>8.55</td>
<td>8.24</td>
</tr>
</tbody>
</table>

Sources: USDA WASDE, September 2020.
1) U.S. Average Farm Price - Slight increase since 2018-19
   • 2020-21 USDA: $9.25
   • 2019-20 USDA: $8.55
   • 2018-19 USDA: $8.48

2) U.S. Ending Stocks - Significantly above 20 Year Average
   • 2020-21 USDA: (460 Million Bushels)
   • 2019-20 USDA: (575 Million Bushels)
   • 2018-19 USDA: (909 Million Bushels)
   • 10 Year Average 09/10-18/19: (297 Million Bushels)
   • 20 Year Average 99/00-18/19: (281 Million Bushels)

3) World Ending Soybean Stocks - Moderately above 10 Year Average
   • 2020-21 World: (94 Million Metric Tons)
   • 2019-20 World: (96 Million Metric Tons)
   • 2018-19 World: (113 Million Metric Ton)
   • 10 Year Average 09/10-18/19: (77 Million Metric Tons)
   • 20 Year Average 99/00-18/19: (60 Million Metric Tons)

4) U.S. Export – Significant increase over 2018-19
   • 2020-21 USDA: (2,125 Million Bushels)
   • 2019-20 USDA: (1,680 Million Bushels)
   • 2018-19 USDA: (1,752 Million Bushels)
Expected domestic and global ending stocks remain above average, but US carryover down significantly from record highs.
Soybeans: End Stocks/Use Ratio

Stocks/Use Ratio is lower, but remains above average. Use rebounding.

Soybean: Total Use
2019-20 Global production is expected to slightly exceed use.
August 2020 FAPRI Price: Adjusted for -$0.40 basis
• Futures Price Equivalent of 2020-2021 Projected Farm Price: $8.64
• Futures Price Equivalent of FAPRI Range: $7.59 - $9.61 @ 80 Percentile
• Futures Price Equivalent of 9/15/20 USDA Price: Avg $9.65

Futures Market Planning Range for New Crop Soybeans
Adjusted for -40 cent basis

<table>
<thead>
<tr>
<th>Percentile</th>
<th>Farm Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>90th</td>
<td>$10.23</td>
</tr>
<tr>
<td>80th</td>
<td>$9.61</td>
</tr>
<tr>
<td>70th</td>
<td>$9.31</td>
</tr>
<tr>
<td>60th</td>
<td>$8.64</td>
</tr>
<tr>
<td>50th</td>
<td>$8.00</td>
</tr>
<tr>
<td>40th</td>
<td>$7.59</td>
</tr>
<tr>
<td>30th</td>
<td>$7.12</td>
</tr>
</tbody>
</table>

Nov 20 Futures on 9/16/2020 $10.11
$9.83
$9.21
$8.91
$8.24
$7.60
$7.19
$6.72
Next Year – (21-22) Soybean FAPRI Baseline Ranges August 2020

August 2020 FAPRI Price: Adjusted for -$0.40 basis
- Futures Price Equivalent of 2021-2022 Projected Farm Price: $9.09
- Futures Price Equivalent of FAPRI Range: $8.02 - $10.07 @ 80 Percentile

### Futures Market Planning Range for Next Year Soybeans

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<thead>
<tr>
<th>Percentile</th>
<th>Price</th>
<th>Farm Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>90th</td>
<td>$10.86</td>
<td>$10.46</td>
</tr>
<tr>
<td>80th</td>
<td>$10.07</td>
<td>$9.67</td>
</tr>
<tr>
<td>70th</td>
<td>$9.71</td>
<td>$9.31</td>
</tr>
<tr>
<td>60th</td>
<td>$9.09</td>
<td>$8.69</td>
</tr>
<tr>
<td>50th</td>
<td>$8.33</td>
<td>$7.93</td>
</tr>
<tr>
<td>40th</td>
<td>$8.02</td>
<td>$7.62</td>
</tr>
<tr>
<td>30th</td>
<td>$7.51</td>
<td>$7.11</td>
</tr>
</tbody>
</table>

Adjusted for -40 cent basis

Nov 21 Futures On 9/16/2020 $9.68
US carryover declining somewhat to slightly above average. Large World ending stocks remain well above average.
World wheat production expected to exceed global use.